

## Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 DODE-00 FPC-01 H-01 INR-05 INT-05

L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-01 FEA-01 OPIC-03

PA-01 PRS-01 USIA-06 /091 R

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DRAFTED BY: COM/IEPR/OTP/IND/M. SMITH

APPROVED BY: EB/OCA/REP:LKLIEFORTH

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COM/IEPR/OTP/CSIEGEL

STATE/EUR/C. FLOYD

COM/BIC/OIM/P. NORLOFF

EB/FSE:WWHITMAY INFO

EB/OT/TA:HBREWSTER

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R 171627Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

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E.O. 11652:N/A

TAGS: ETRD/UK

SUBJECT: HMG NORTH SEA PROCUREMENT POLICIES

REF: 1) STATE 202255, SEPTEMBER 13; 2) LONDON 13780, OCT. 22

1. FOLLOWING PROVIDED FOR EMBASSY INFORMATION ONLY.

2. R.C. CRENWELGE, MANAGER, FOREIGN OPERATIONS, BROWN OIL  
TOOLS, REPORTS HIS COMPANY NOW ACTIVELY ENGAGED IN DISCUSSION  
WITH UNNAMED UK FIRM FOR ESTABLISHMENT JOINT VENTURE TO SUPPLY  
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BROWN EQUIPMENT TO NORTH SEA OPERATORS. ACCORDING TO CRENWELGE,

THE COMPANY, WHICH HAS NO OTHER PLANTS OUTSIDE THE US, HAS DECIDED TO ESTABLISH UK SUBSIDIARY SOLELY AS A RESULT OF EXPERIENCE WITH PRIOR REPORTING REQUIREMENT. POTENTIAL BRITISH PARTNER HAS ALSO ADVISED BROWN THAT STRICTER REGULATIONS WILL SHORTLY BE ISSUED, MAKING PURCHASE OF BRITISH EQUIPMENT MANDATORY FOR NORTH SEA PROJECTS IN CASES WHERE DOMESTIC SUPPLY CAPABILITY EXISTS.

3. CRENWELGE HAS APPOINTMENT TO DISCUSS PENDING REGULATIONS WITH DEPARTMENT OF TRADE DECEMBER 11 AND PROMISES TO PROVIDE RELEVANT TEXTS ON RETURN TO US (DECEMBER 15-18).

4. IN ILLUSTRATING IMPACT OF REPORTING REQUIREMENT, CRENWELGE POINTED TO RECENT \$500,000 BROWN BID TO OXY/SCOTLAND WHICH WAS ALLEGEDLY QUOTE TOSSED OUT UNQUOTE WITHOUT FURTHER CONSIDERATION, DUE TO REPORTING REQUIREMENT. IN SUBSEQUENT BID, BROWN REPORTEDLY INCLUDED COVERING LETTER ADVISING HMG OF PLANS TO ESTABLISH UK SUBSIDIARY AND UGUARANTEEING THAT 90 PER CENT OF COMPONENTRY WOULD BE MANUFACTURED IN UK. IN THIS INSTANCE, BROWN BID REPORTEDLY RECEIVED FAIR CONSIDERATION BUT LOST ON PRICE COMPETITION TO US COMPETITOR ALREADY ESTABLISHED IN UK (PRESUMABLY BAKER OIL TOOLS).

5. CRENWELGE WAS UNEQUIVOCAL IN POINTING TO REPORTING REQUIREMENT AS MOTIVE FORCE BEHIND BROWN DECISION TO SET UP UK SUBSIDIARY, AND ALLEGED SAME REASON BEHIND PREVIOUS DECISION BY COMPETITOR BAKER OIL TOOLS TO ESTABLISH UK OPERATION.

6. EMBASSY REQUESTED PROVIDE ANY AVAILABLE DETAILS REGARDING BRITISH PLANS TO INTRODUCE MORE STRINGENT VERSION OF PRIOR REPORTING REQUIREMENT. INFORMATION PROVIDED BY CRENWELGE WOULD SEEM TO INDICATE HARDENING OF HMG BUY BRITISH POLICIES IN NORTH SEA.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROCUREMENT, PETROLEUM, OIL FIELDS, NORTH SEA  
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**Draft Date:** 17 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** COM/IEPR/OTP/IND/M. SMITH  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Reference:** 74 STATE 202255, 74 SEPTEMBER 13, 74 LONDON 13780, 74 OC22  
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**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 JUN 2002  
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**Review History:** RELEASED <26 JUN 2002 by boyleja>; APPROVED <24 MAR 2003 by ElyME>  
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**Review Transfer Date:**  
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**Status:** NATIVE  
**Subject:** HMG NORTH SEA PROCUREMENT POLICIES  
**TAGS:** ETRD, UK, US  
**To:** LONDON  
**Type:** TE  
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